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Election Workers Excluded from Some W-2 Reporting

Kentucky election workers who receive less than \$600 per year for their services are generally not required to have these earnings reported to the Internal Revenue Service by their county. Revenue Ruling 2000-6 provides guidance concerning the tax reporting requirements for wages paid election workers

Wages paid for election worker services are not subject to federal income tax withholding according to IRS regulation §31.3401(a)-(b)(2). Wages paid election workers are not subject to FICA (neither social security nor medicare) if the remuneration paid is less than an established threshold (\$1,100 for tax years 2000-2001 and \$1,200 for the tax years 2002-2004) according to section 218(c)(8) of the Social Security Act.

KRS 141.010 excludes income earned by precinct workers from gross income for state income tax purposes. Various KRS sections also prohibit the imposition of a license fee or occupational tax against election worker income.

Section 6041(a) of the Internal Revenue Code, and the regulations thereunder, is the applicable section for information return reporting requirements for election workers. There is no reporting requirement with respect to an election worker who is paid less than \$600 per calendar year. The wages are, however, reportable on Form W-2 if the election worker is paid \$600 or more. Annual wages of \$1,200 or more in 2004 are subject to FICA withholding and Form W-2 reporting but not federal income tax withholding. NOTE: Special rules apply if a regular county employee also serves as an election worker. Contact the Division of Social Security for details.

The applicable laws, withholding and reporting requirements are illustrated in the following examples:

- 1) An election worker is paid \$599 in 2004.
 - * No FICA, federal income, state income or local occupational tax withholding is required and no Form W-2 is required.
- 2) An election worker is paid \$1,199 in 2004.
 - * No FICA, federal income, state income or local occupational tax withholding is required, but a Form W-2 will be issued reflecting \$1,199 in box 1 (Wages, tips and other compensation).
- 3) An election worker is paid \$1,200 in 2004.
 - * FICA withholding is required, but no federal income, state income or local occupational tax is withheld. The election worker will be issued a Form W-2 reflecting \$1,200 in boxes 1, 3 and 5 and the appropriate FICA tax withholding in boxes 4 and 6.

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